

AIR QUALITY PERMIT

Issued To: Plains Pipeline, L.P.
Baker Crude Station
P.O. Box 708
Belfield, ND 58622

Permit #2110-04
Administrative Amendment (AA) Received: 05/10/04
Department Decision on AA: 06/02/04
Permit Final: 06/18/04
AFS #025-0006

An air quality permit, with conditions, is hereby granted to Plains Pipeline, L.P. (Plains), pursuant to Sections 75-2-204 and 211 of the Montana Code Annotated (MCA), as amended, and Administrative Rules of Montana (ARM) 17.8.740, *et seq.*, as amended, for the following:

SECTION I: Permitted Facilities

A. Plant Location

Plains owns and operates a crude oil tank farm located in the SW¼ of Section 3, Township 7 North, Range 58 East, in Fallon County, Montana. The facility is known as the Baker Crude Station.

B. Current Permit Action

On May 7, 2004, the Department of Environmental Quality (Department) received a letter from Plains notifying the Department that Link Energy Pipeline Limited Partnership changed its name to Plains and that the operating entity for the Baker Station changed to Plains. Plains requested that the Department update Permit #2110-03 to reflect the name change. On May 10, 2004, the Department received a letter from Plains notifying the Department that Plains was installing a Lease Automated Custody Transfer (LACT) assembly. The LACT will increase the potential crude oil transfer rate from 1320 barrels per hour to 2720 barrels per hour increasing potential VOC emission by 6.74 tons/year. The potential emissions from the proposed equipment are less than the de minimis threshold of 15 tons per year. The current permit action incorporates Plains' request into the permit. In addition, the permit format, language, and rule references were updated to reflect the current format, language, and rule references used by the Department.

SECTION II: Conditions and Limitations

A. Emission Control Requirements

1. Plains shall install, operate, and maintain the emission control equipment and practices to provide the maximum air pollution control for which it was designed (ARM 17.8.752).
2. The 5,000 (Tank #1) and 10,000 (Tank #2) barrel (bbl) crude oil storage tanks shall each be equipped with an internal floating roof to control Volatile Organic Compound (VOC) emissions (ARM 17.8.752).
3. All applicable requirements of ARM 17.8.340 which references 40 CFR Part 60 Standards of Performance for New Stationary Sources, Subpart Kb - Standards of Performance for Volatile Organic Liquid Storage Vessels shall apply to all volatile organic storage vessels (including petroleum liquid storage vessels) for

which construction, reconstruction or modification commenced after July 23, 1984. This shall include, but not be limited to, the 10,000-bbl storage tank. These requirements shall be as specified in 40 CFR 60.112(b), 60.113(b), 60.114(b), 60.115(b), 60.116(b), and 60.117(b) (ARM 17.8.340 and 40 CFR 60, Subpart Kb).

4. Plains shall not cause or authorize emissions to be discharged into the outdoor atmosphere from any sources installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6-consecutive minutes (ARM 17.8.304).
5. Plains shall not cause or authorize the use of any street, road, or parking lot without taking reasonable precautions to control emissions of airborne particulate matter (ARM 17.8.308).
6. Plains shall treat all unpaved portions of the haul roads, access roads, parking lots, or general plant area with water and/or chemical dust suppressant as necessary to maintain compliance with the reasonable precautions limitation in Section II.A.5 (ARM 17.8.749).

B. Testing Requirements

1. Plains shall meet the requirements of all testing procedures as described in 40 CFR 60, Subpart Kb - Standards of Performance for Volatile Organic Liquid Storage Vessels, including, but not limited to the following (ARM 17.8.340 and 40 CFR 60, Subpart Kb):
 - a. Visually inspect the internal floating roof, the primary seal, and the secondary seal through manholes and roof hatches on the fixed roof at least every 12 months after initial fill.
 - b. Visually inspect the internal floating roof, the primary seal and secondary seal, gaskets, slotted membranes, and sleeve seals each time the storage vessel is emptied and degassed. These inspections shall occur at intervals no greater than 10 years.
 - c. Additional requirements, as described in 40 CFR 60, Subpart Kb, may apply.
2. Plains shall keep copies of all reports and records required by 40 CFR Part 60.115(b) for at least 2 years and shall be made available for inspection by air quality personnel at the location of the permitted source.
3. All compliance source tests shall conform to the requirements of the Montana Source Test Protocol and Procedures Manual (ARM 17.8.106).
4. The Department may require further testing (ARM 17.8.105).

C. Operational Reporting Requirements

1. Plains shall supply the Department with annual production information for all emission points, as required by the Department in the annual emission inventory request. The request will include, but is not limited to, all sources of emissions identified in the emission inventory contained in the permit analysis.

Production information shall be gathered on a calendar-year basis and submitted to the Department by the date required in the emission inventory request. Information shall be in the units required by the Department. This information may be used to calculate operating fees, based on actual emissions from the facility, and/or to verify compliance with permit limitations (ARM 17.8.505).

2. Plains shall notify the Department of any construction or improvement project conducted pursuant to ARM 17.8.745, that would include a change in control equipment, stack height, stack diameter, stack flow, stack gas temperature, source location or fuel specifications, or would result in an increase in source capacity above its permitted operation or the addition of a new emission unit. The notice must be submitted to the Department, in writing, 10 days prior to start up or use of the proposed de minimis change, or as soon as reasonably practicable in the event of an unanticipated circumstance causing the de minimis change, and must include the information requested in ARM 17.8.745(1)(d) (ARM 17.8.745).
3. Plains shall supply the Department with the reports as required by 40 CFR 60, Subpart Kb. Plains shall furnish the Department with initial and annual reports for each storage vessel that applies to this Subpart. These reports shall include information described in 40 CFR 60.115(b) (ARM 17.8.340 and 40 CFR 60, Subpart Kb).

SECTION III: General Conditions

- A. Inspection – Plains shall allow the Department’s representatives access to the source at all reasonable times for the purpose of making inspections or surveys, collecting samples, obtaining data, auditing any monitoring equipment (CEMS, CERMS) or observing any monitoring or testing, and otherwise conducting all necessary functions related to this permit.
- B. Waiver – The permit and the terms, conditions, and matters stated herein shall be deemed accepted if Plains fails to appeal as indicated below.
- C. Compliance with Statutes and Regulations – Nothing in this permit shall be construed as relieving Plains of the responsibility for complying with any applicable federal or Montana statute, rule, or standard, except as specifically provided in ARM 17.8.740, *et seq.* (ARM 17.8.756).
- D. Enforcement – Violations of limitations, conditions and requirements contained herein may constitute grounds for permit revocation, penalties or other enforcement action as specified in Section 75-2-401, *et seq.*, MCA.
- E. Appeals – Any person or persons jointly or severally adversely affected by the Department’s decision may request, within 15 days after the Department renders its decision, upon affidavit setting forth the grounds therefore, a hearing before the Board of Environmental Review (Board). A hearing shall be held under the provisions of the Montana Administrative Procedures Act. The Department’s decision on the application is not final unless 15 days have elapsed and there is no request for a hearing under this section. The filing of a request for a hearing postpones the effective date of the Department’s decision until conclusion of the hearing and issuance of a final decision by the Board.

- F. Permit Inspection – As required by ARM 17.8.755, Inspection of Permit, a copy the air quality permit shall be made available for inspection by the Department at the location of the source.
- G. Permit Fee – Pursuant to Section 75-2-220, MCA, as amended by the 1991 Legislature, failure to pay the annual operation fee by Plains may be grounds for revocation of this permit, as required by that section and rules adopted thereunder by the Board.

Permit Analysis
Plains Pipeline, L.P.
Permit #2110-04

I. Introduction/Process Description

A. Permitted Equipment

Plains Pipeline, L.P. (Plains) owns and operates a crude oil tank farm located in the SW¼ of Section 3, Township 7 North, Range 58 East, in Fallon County, Montana. The facility is known as the Baker Crude Station and consists of the following equipment:

Tank I.D	Year Installed	Capacity (bbl)	Diameter (ft)	NSPS
#1	1972	5,000	35	N/A
#2	1985	10,000	35	40 CFR 60, Subpart Kb
Additional sources include miscellaneous pumps, piping, valves, flanges and pump seals.				

B. Process Description

The Plains facility is used to unload oil from transport trucks and to inject the oil into a pipeline.

C. Permit History

Okie Pipeline Company (Okie) applied for and received Permit **#2110** to construct one 10,000-barrel (bbl) capacity crude oil storage tank (Tank #2) at its Baker Crude Station. The permit was for the 10,000-bbl tank, as well as the existing 5,000-bbl crude oil storage tank (Tank #1).

A Best Available Control Technology (BACT) determination was made for the two tanks as part of issuing Permit #2110. Okie proposed an internal floating roof as the proposed method of controlling Volatile Organic Compounds (VOC) emissions from both tanks. Internal floating roofs control up to 98% of VOC emissions and has been determined to be BACT for crude oil storage tanks in the past. The economic costs of this control are offset by the value of the emissions that are recovered and were acceptable to the applicant. Therefore, the Department of Health and Environmental Sciences determined that the installation of an internal floating roof on the proposed storage tank and the continued operation of the internal floating roof on the existing tank constituted BACT.

On November 8, 1993, Okie, as well as Koch Gathering Systems, Inc. (KOCH), submitted written notice of intent to transfer Permit #2110 from Okie to KOCH. Permit **#2110-01** was issued to reflect the change in ownership. On January 18, 1994, Permit #2110-01 replaced Permit #2110.

On December 14, 1998, KOCH, as well as EOTT Energy Corp. (EOTT), submitted written notice of intent to transfer Permit #2110-01 from KOCH to EOTT. Permit **#2110-02** was issued to reflect the change in ownership. In addition, the rule references were updated. On January 13, 1999, Permit #2110-02 replaced Permit #2110-01.

On November 6, 2003, the Department of Environmental Quality (Department) received a letter from EOTT notifying the Department that EOTT Energy changed its name to Link Energy Pipeline Limited Partnership (Link Energy) and that the operating entity for the Baker Station changed to Link Energy. EOTT requested that the Department update Permit #2110-02 to reflect the name change. The current permit action incorporated EOTT's request into the permit. In addition, the permit format, language, and rule references were updated to reflect the current format, language, and rule references used by the Department. Permit **#2110-03** replaced Permit #2110-02.

D. Current Permit Action

On May 7, 2004, the Department received a letter from Plains notifying the Department that Link Energy changed its name to Plains and that the operating entity for the Baker Station changed to Plains. Plains requested that the Department update Permit #2110-03 to reflect the name change. On May 10, 2004, the Department received a letter from Plains notifying the Department that Plains was installing a Lease Automated Custody Transfer (LACT) assembly. The LACT will increase the potential crude oil transfer rate from 1320 barrels per hour to 2720 barrels per hour increasing potential VOC emission by 6.74 tons/year. The potential emissions from the proposed equipment are less than the de minimis threshold of 15 tons per year. The current permit action incorporates Plains' request into the permit. In addition, the permit format, language, and rule references were updated to reflect the current format, language, and rule references used by the Department. Permit **#2110-04** replaces Permit #2110-03.

E. Additional Information

Additional information, such as applicable rules and regulations, BACT/Reasonably Available Control Technology (RACT) determinations, air quality impacts, and environmental assessments, is included in the analysis associated with each change to the permit.

II. Applicable Rules and Regulations

The following are partial explanations of some applicable rules and regulations that apply to the facility. The complete rules are stated in the Administrative Rules of Montana (ARM) and are available, upon request, from the Department. Upon request, the Department will provide references for location of complete copies of all applicable rules and regulations or copies where appropriate.

A. ARM 17.8, Subchapter 1 – General Provisions, including but not limited to:

1. ARM 17.8.101 Definitions. This rule includes a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.
2. ARM 17.8.105 Testing Requirements. Any person or persons responsible for the emission of any air contaminant into the outdoor atmosphere shall, upon written request of the Department, provide the facilities and necessary equipment (including instruments and sensing devices) and shall conduct tests, emission or ambient, for such periods of time as may be necessary using methods approved by the Department.

3. ARM 17.8.106 Source Testing Protocol. The requirements of this rule apply to any emission source testing conducted by the Department, any source or other entity as required by any rule in this chapter, or any permit or order issued pursuant to this chapter, or the provisions of the Clean Air Act of Montana, 75-2-101, *et seq.*, Montana Code Annotated (MCA).

Plains shall comply with the requirements contained in the Montana Source Test Protocol and Procedures Manual, including, but not limited to, using the proper test methods and supplying the required reports. A copy of the Montana Source Test Protocol and Procedures Manual is available from the Department upon request.

4. ARM 17.8.110 Malfunctions. (2) The Department must be notified promptly by telephone whenever a malfunction occurs that can be expected to create emissions in excess of any applicable emission limitation or to continue for a period greater than 4 hours.
5. ARM 17.8.111 Circumvention. (1) No person shall cause or permit the installation or use of any device or any means that, without resulting in reduction of the total amount of air contaminant emitted, conceals or dilutes an emission of air contaminant that would otherwise violate an air pollution control regulation. (2) No equipment that may produce emissions shall be operated or maintained in such a manner as to create a public nuisance.

B. ARM 17.8, Subchapter 2 – Ambient Air Quality, including, but not limited to the following:

1. ARM 17.8.204 Ambient Air Monitoring
2. ARM 17.8.210 Ambient Air Quality Standards for Sulfur Dioxide
3. ARM 17.8.211 Ambient Air Quality Standards for Nitrogen Dioxide
4. ARM 17.8.212 Ambient Air Quality Standards for Carbon Monoxide
5. ARM 17.8.213 Ambient Air Quality Standard for Ozone
6. ARM 17.8.214 Ambient Air Quality Standard for Hydrogen Sulfide
7. ARM 17.8.220 Ambient Air Quality Standard for Settled Particulate Matter
8. ARM 17.8.221 Ambient Air Quality Standard for Visibility
9. ARM 17.8.222 Ambient Air Quality Standard for Lead
10. ARM 17.8.223 Ambient Air Quality Standard for PM₁₀

Plains must maintain compliance with the applicable ambient air quality standards.

C. ARM 17.8, Subchapter 3 – Emission Standards, including, but not limited to:

1. ARM 17.8.304 Visible Air Contaminants. This rule requires that no person may cause or authorize emissions to be discharged into the outdoor atmosphere from any source installed after November 23, 1968, that exhibit an opacity of 20% or greater averaged over 6 consecutive minutes.
2. ARM 17.8.308 Particulate Matter, Airborne. (1) This rule requires an opacity limitation of less than 20% for all fugitive emission sources and that reasonable precautions be taken to control emissions of airborne particulate matter. (2) Under this rule, Plains shall not cause or authorize the use of any street, road, or parking lot without taking reasonable precautions to control emissions of airborne particulate matter.

3. ARM 17.8.310 Particulate Matter, Industrial Process. This rule requires that no person shall cause, allow or permit to be discharged into the atmosphere particulate matter in excess of the amount set forth in this rule.
4. ARM 17.8.322 Sulfur Oxide Emissions--Sulfur in Fuel. This rule requires that no person shall burn liquid, solid, or gaseous fuel in excess of the amount set forth in this rule.
5. ARM 17.8.324 Hydrocarbon Emissions--Petroleum Products. (3) No person shall load or permit the loading of gasoline into any stationary tank with a capacity of 250 gallons or more from any tank truck or trailer, except through a permanent submerged fill pipe, unless such tank is equipped with a vapor loss control device as described in (1) of this rule.
6. ARM 17.8.340 Standard of Performance for New Stationary Sources and Emission Guidelines for Existing Sources. This rule incorporates, by reference, 40 CFR 60, Standards of Performance for New Stationary Sources (NSPS). Tank #2 at the Baker Crude Station is subject to Subpart Kb.

The requirement to install a vapor control device on Tank #1 and Tank #2 applies since the tanks are larger than 1548 bbls and the true vapor pressure is greater than 2.5 psia. The true vapor pressure of the crude oil to be stored is 4.2 psia.

D. ARM 17.8, Subchapter 5 – Air Quality Permit Application, Operation and Open Burning Fees, including, but not limited to:

1. ARM 17.8.504 Air Quality Permit Application Fees. This rule requires that an applicant submit an air quality permit application fee concurrent with the submittal of an air quality permit application. A permit application is incomplete until the proper application fee is paid to the Department. The current permit action is considered an administrative action; therefore, a permit application fee was not required.
2. ARM 17.8.505 When Permit Required--Exclusions. An annual air quality operation fee must, as a condition of continued operation, be submitted to the Department by each source of air contaminants holding an air quality permit (excluding an open burning permit) issued by the Department. The air quality operation fee is based on the actual or estimated actual amount of air pollutants emitted during the previous calendar year.

An air quality operation fee is separate and distinct from an air quality permit application fee. The annual assessment and collection of the air quality operation fee, described above, shall take place on a calendar-year basis. The Department may insert into any final permit issued after the effective date of these rules, such conditions as may be necessary to require the payment of an air quality operation fee on a calendar-year basis, including provisions that prorate the required fee amount.

- E. ARM 17.8, Subchapter 7 – Permit, Construction and Operation of Air Contaminant Sources, including, but not limited to:
1. ARM 17.8.740 Definitions. This rule is a list of applicable definitions used in this chapter, unless indicated otherwise in a specific subchapter.
 2. ARM 17.8.743 Montana Air Quality Permits--When Required. This rule requires a person to obtain an air quality permit or permit alteration to construct, alter or use any air contaminant sources that have the Potential to Emit (PTE) greater than 25 tons per year of any pollutant. Plains has a PTE greater than 25 tons per year of VOC, therefore, an air quality permit is required.
 3. ARM 17.8.744 Montana Air Quality Permits--General Exclusions. This rule identifies the activities that are not subject to the Montana Air Quality Permit program.
 4. ARM 17.8.745 Montana Air Quality Permits--Exclusion for De Minimis Changes. This rule identifies the de minimis changes at permitted facilities that do not require a permit under the Montana Air Quality Permit Program.
 5. ARM 17.8.748 New or Modified Emitting Units--Permit Application Requirements. (1) This rule requires that a permit application be submitted prior to installation, alteration or use of a source. Plains was not required to submit a permit application for the current permit action because new sources are not being added to the facility and emissions from the facility are not being increased. (7) This rule requires that the applicant notify the public by means of legal publication in a newspaper of general circulation in the area affected by the application for a permit. Plains was not required to notify the public of the current permit action because the permit action is administrative.
 6. ARM 17.8.749 Conditions for Issuance or Denial of Permit. This rule requires that the permits issued by the Department must authorize the construction and operation of the facility or emitting unit subject to the conditions in the permit and the requirements of this subchapter. This rule also requires that the permit must contain any conditions necessary to assure compliance with the Federal Clean Air Act (FCAA), the Clean Air Act of Montana, and rules adopted under those acts.
 7. ARM 17.8.752 Emission Control Requirements. This rule requires a source to install the maximum air pollution control capability that is technically practicable and economically feasible, except that BACT shall be utilized. The current permit action is an administrative amendment, and therefore, a BACT analysis was not required.
 8. ARM 17.8.755 Inspection of Permit. This rule requires that air quality permits shall be made available for inspection by the Department at the location of the source.
 9. ARM 17.8.756 Compliance with Other Requirements. This rule states that nothing in the permit shall be construed as relieving Plains of the responsibility for complying with any applicable federal or Montana statute, rule, or standard, except as specifically provided in ARM 17.8.740, *et seq.*

10. ARM 17.8.759 Review of Permit Applications. This rule describes the Department's responsibilities for processing permit applications and making permit decisions on those permit applications that do not require the preparation of an environmental impact statement.
11. ARM 17.8.762 Duration of Permit. An air quality permit shall be valid until revoked or modified, as provided in this subchapter, except that a permit issued prior to construction of a new or altered source may contain a condition providing that the permit will expire unless construction is commenced within the time specified in the permit, which in no event may be less than 1 year after the permit is issued.
12. ARM 17.8.763 Revocation of Permit. An air quality permit may be revoked upon written request of the permittee, or for violations of any requirement of the Clean Air Act of Montana, rules adopted under the Clean Air Act of Montana, the FCAA, rules adopted under the FCAA, or any applicable requirement contained in the Montana State Implementation Plan (SIP).
13. ARM 17.8.764 Administrative Amendment to Permit. An air quality permit may be amended for changes in any applicable rules and standards adopted by the Board of Environmental Review (Board) or changed conditions of operation at a source or stack that do not result in an increase of emissions as a result of those changed conditions. The owner or operator of a facility may not increase the facility's emissions beyond permit limits unless the increase meets the criteria in ARM 17.8.745 for a de minimis change not requiring a permit, or unless the owner or operator applies for and receives another permit in accordance with ARM 17.8.748, ARM 17.8.749, ARM 17.8.752, ARM 17.8.755, and ARM 17.8.756, and with all applicable requirements in ARM Title 17, Chapter 8, Subchapters 8, 9, and 10.
14. ARM 17.8.765 Transfer of Permit. This rule states that an air quality permit may be transferred from one person to another if written notice of Intent to Transfer, including the names of the transferor and the transferee, is sent to the Department.

F. ARM 17.8, Subchapter 8 – Prevention of Significant Deterioration of Air Quality, including, but not limited to:

1. ARM 17.8.801 Definitions. This rule is a list of applicable definitions used in this subchapter.
2. ARM 17.8.818 Review of Major Stationary Sources and Major Modifications--Source Applicability and Exemptions. The requirements contained in ARM 17.8.819 through ARM 17.8.827 shall apply to any major stationary source and any major modification, with respect to each pollutant subject to regulation under the FCAA that it would emit, except as this subchapter would otherwise allow.

This facility is not a major stationary source since this facility is not a listed source and the facility's PTE is below 250 tons per year of any pollutant (excluding fugitive emissions).

G. ARM 17.8, Subchapter 12 – Operating Permit Program Applicability, including, but not limited to:

1. ARM 17.8.1201 Definitions. (23) Major Source under Section 7412 of the FCAA is defined as any source having:
 - a. PTE > 100 tons/year of any pollutant;
 - b. PTE > 10 tons/year of any one Hazardous Air Pollutant (HAP), PTE > 25 tons/year of a combination of all HAPs, or lesser quantity as the Department may establish by rule; or
 - c. PTE > 70 tons/year of PM₁₀ in a serious PM₁₀ nonattainment area.
2. ARM 17.8.1204 Air Quality Operating Permit Program. (1) Title V of the FCAA amendments of 1990 requires that all sources, as defined in ARM 17.8.1204(1), obtain a Title V Operating Permit. In reviewing and issuing Air Quality Permit #2110-04 for Plains, the following conclusions were made:
 - a. The facility's PTE is less than 100 tons/year for any pollutant.
 - b. The facility's PTE is less than 10 tons/year for any one HAP and less than 25 tons/year for all HAPs.
 - c. This source is not located in a serious PM₁₀ nonattainment area.
 - d. This facility is subject to a current NSPS standard (40 CFR 60, Subpart Kb).
 - e. This facility is not subject to any current NESHAP standards.
 - f. This source is not a Title IV affected source, nor a solid waste combustion unit.
 - g. This source is not an EPA designated Title V source.

Based on these facts, the Department determined that Plains will be a minor source of emissions as defined under Title V. However, if minor sources subject to NSPS are required to obtain a Title V Operating Permit, Plains will be required to obtain a Title V Operating Permit.

III. BACT Determination

A BACT determination is required for each new or altered source. Plains shall install on the new or altered source the maximum air pollution control capability, which is technically practicable and economically feasible, except that BACT shall be utilized. However, a BACT analysis was not required for the current permit action because the current permit action is considered an administrative action.

IV. Emission Inventory

Tons/Year						
Source #	Source	PM ₁₀	NO _x	CO	VOC	SO _x
Tank #1	5,000 bbl storage tank (Controlled)	-----	-----	-----	5.54	-----
Tank #2	10,000 bbl storage tank (Controlled)	-----	-----	-----	6.95	-----
#3	Fugitive VOC emissions	-----	-----	-----	11.11	-----
Totals		-----	-----	-----	23.60	-----

* A complete emission inventory is on file with the Department.

V. Ambient Air Impact Analysis

The surrounding area is listed as attainment/unclassified for the National Ambient Air Quality Standards (NAAQS). The facility is not expected to cause or contribute to any exceedances of the ambient air quality standards.

VI. Taking or Damaging Implication Analysis

As required by 2-10-105, MCA, the Department conducted a private property taking and damaging assessment and determined there are no taking or damaging implications.

VII. Environmental Assessment

The current permit action will not result in an increase of emissions from the facility and is considered an administrative action; therefore, an Environmental Assessment is not required.

Analysis Prepared By: Chris Ames

Date: May 24, 2004